

## Message Text

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47

ACTION NEA-10

INFO OCT-01 EUR-12 EA-07 ISO-00 CIAE-00 DODE-00 PM-04 H-02

INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

USIA-06 AID-05 COME-00 EB-07 FRB-03 TRSE-00 XMB-02

OPIC-03 CIEP-01 LAB-04 SIL-01 OMB-01 STR-04 ACDA-05

SAM-01 SAJ-01 /114 W

----- 125018

R 221045Z DEC 75

FM AMEMBASSY CAIRO

TO SECSTATE WASHDC 8725

AMEMBASSY BERLIN

AMEMBASSY BONN

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LONDON

AMEMBASSY MOSCOW

AMEMBASSY PARIS

AMEMBASSY TEHRAN

AMEMBASSY TOKYO

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E.O. 11652: N/A

TAGS: EAID, ETRD, PFOR, EG, UR

SUBJECT: SOVIET/EGYPTIAN DEBT: CONTROLLED LEAKS (MAYBE) APPEAR  
IN PRESS

REF: A. CAIRO 12663; B. CAIRO 11592

1. AHRAH OF DECEMBER 19 CARRIED ARTICLE ENTITLED "ECONOMIC  
SECRETS" BY ECONOMIC EDITOR IBRAHIM NAFIH, IN WHICH HE PRESENTS  
WHAT ARE ALLEGED TO BE ACTUAL DATA ON SIZE OF DEBT AND WHY NEGOTIA-  
TIONS COLLAPSED. NUMBERS ARE MORE INTERESTING ASPECT  
OF ARTICLE, AND HAVE SINCE REAPPEARED IN OTHER PAPERS:

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2. TOTAL DEBT ACCORDING TO THE ARTICLE IS 3,750 MILLION RUBLES. IN EFFORT TO DEAL WITH A NUMBER OF THIS MAGNITUDE, EGYPTIANS INITIALLY PROPOSED 10 YEAR GRACE PERIOD AND THIRTY YEARS FOR REPAYMENT OF ECONOMIC DEBT, FORTY YEARS FOR MILITARY DEBT. (NO BREAKDOWN OF ABOVE TOTAL INTO THOSE COMPONENTS WAS MADE.) IN FACE OF SOVIET INTRANSIGENCE, EGYPTIANS PROPOSED PAYMENT OF A PROPORTION OF SCHEDULED DEBTS, 20 PERCENT FOR MILITARY AND 25 PERCENT FOR ECONOMIC, OVER NEXT 10 YEARS, WITH REMAINDER TO BE PAID IN FOLLOWING 40. THESE NUMBERS DO NOT INCLUDE AN ADDITIONAL 120 MILLION RUBLES IN FREE CURRENCY ON THE COMMERCIAL SIDE, WHICH WILL BE REPAID BY EXPORTS. SUPPLIERS CREDITS OF 25-30 MILLION RUBLES ANNUALLY WOULD ALSO BE COVERED IN THIS WAY.

3. RUSSIAN POSITION IS REPORTED AS UNCHANGED SINCE LAST JULY, WHEN FOLLOWING SCHEDULE FOR REPAYMENTS WAS OFFERED:

130 MILLION RUBLES ANNUALLY FOR FIRST 5 YEARS  
170 MILLION RUBLES ANNUALLY OVER NEXT 5 YEARS  
200 MILLION RUBLES ANNUALLY FOR THIRD 5 YEAR PERIOD  
250 MILLION RUBLES ANNUALLY FOR FINAL 5 YEARS.  
COMMERCIAL DEBT COULD BE PAID FOR IN TRADE PROVIDED EGYPTIAN EXPORTS WERE OVER AND ABOVE VALUE OF EXCHANGED GOODS PLUS ANNUAL INSTALLMENT DUE ON SUPPLIER CREDITS. LATTER MUST BE PAID PROMPTLY.

4. AT THIS JUNCTURE, WHEN IT BECAME APPARENT SOVIETS WOULD REFUSE TO TAKE INTO ACCOUNT EGYPT'S DIFFICULT FINANCIAL SITUATION AND IMPOSSIBILITY OF MAINTAINING PAYMENTS, DEBT TALKS COLLAPSED. (LATEST RUMOR IS RESUMPTION IN MOSCOW NEXT JULY.)

5. COMMENT. HARD DATA ON EGYPT'S DEBTS TO SOVIET UNION ARE DIFFICULT TO COME BY. AIR HAS BEEN THICK WITH FIGURES LAST FEW MONTHS, AND BOTH RUSSIANS AND EGYPTIANS HAVE MENTIONED NUMERS OF VARYING SIZES. THIS IS FIRST TIME RELATIVELY DETAILED STATISTICS HAVE COME OUT IN PRESS, HOWEVER, AND THIS FACT ALONE ADDS AURA OF CREDIBILITY TO ARTICLE, PARTICULARLY SINCE IT COMES AT TIME WHEN GOE APPEARS INTERESTED IN DRAGGING INTO OPEN QUITE A FEW SENSITIVE POINTS IN EGYPTIAN/SOVIET RELATIONS.  
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6. SOVIET MINCOUN AKAPOV, IN HIS CONVERSATION WITH DCM SHORT TIME AGO, SAID RUSSIANS WERE WILLING TO ACCEPT SMALLER PAYMENTS THAN AMOUNTS ACTUALLY SCHEDULED (REFTEL B), BUT IF OFFER WAS MADE, EGYPTIANS EVIDENTLY DID NOT GO FOR IT.  
EILTS

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## Message Attributes

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**Disposition Approved on Date:**  
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